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CHINA INVESTMENT AND FINANCE GROUP LIMITED

中國投融資集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1226)

SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO GRANT OF SHARE OPTIONS AND PLACING OF NEW SHARES UNDER GENERAL MANDATE

References are made to the announcement of China Investment and Finance Group Limited (the “**Company**”) dated 28 December 2016 and the announcements (the “**Placing Announcements**”) of the Company dated 9 September 2016 and 26 September 2016 (collectively the “**Announcements**”). Unless otherwise defined, capitalized terms used herein shall have the same meaning as defined in the Announcements.

The Board wishes to provide additional background information in respect of the grant of the Share Options (the “**Grant**”) and the Placing.

GRANT OF SHARE OPTIONS

On 28 December 2016, the Company entered into agreements (the “**Service Agreements**”) with certain advisors (the “**Advisors**”) for their services on locating unlisted projects in Mainland China and the follow-up services on an arm’s length basis. Share Options are part of the consideration of the Service Agreements. Cash bonus will be entitled by the advisors, only if the Company successfully enters into acquisition or cooperation agreements in relation to unlisted projects (“**Accepted Projects**”) referred by the Advisors, and the cash bonus is shared from the Company’s profits made on the Accepted Projects.

The exercise price of the Grant is HK\$0.2162, which is (i) the average closing price of the Shares as stated in the Stock Exchange’s daily quotations sheets for the five business days immediately preceding the Grant Date; (ii) at approximately 3.9% premium to the closing price of the Shares on the Grant Date; and (iii) at approximately 52.0% discount to the unaudited net asset value per Share as at 30 November 2016 of approximately HK\$0.45. 188,000,000 Share Options granted on the Grant Date represented approximately 99.9% of scheme mandate limit of 188,166,600 Shares refreshed at the Company’s annual general meeting held on 24 August 2016.

The Board believed that the Company had the advantage of the Grant in entering into the Service Agreements. In case of only cash consideration for the Services Agreements, there is a risk that the Company will generate net cash outflow when there is no appropriate unlisted projects referred by the Advisors, or the Accepted Projects are not as successful as expected by the Group. Together with the cash bonus to the Advisors only shared from the Company's profits made on the Accepted Projects, the Group can retain more cash reserve for its operation and other investments. The Board believes that the Grant is in the interests of the Shareholders and the Advisors as a whole, as the Advisors can only make a profit on the Share Options when the price of the Shares is higher than the exercise price of the Share Options and the Advisors exercise the Share Options. The Shareholders will benefit from the increase in the price of the Shares as well.

PLACING

As mentioned in the Placing Announcement, the Board has considered that the Placing represented a good opportunity for the Company to raise additional funds and widen the Company's shareholder base, and the terms of the Placing are fair and reasonable and in the interests of the Company and the Shareholders as a whole. As the Company is an investment company under Chapter 21 of the Listing Rules and unlike other companies with constant cash income from operation, it is crucial for the Group to have readily available funds for capturing suitable investment opportunities in a timely fashion to provide potential investment returns to the Group and the Shareholders and/or increase the size of its investment portfolio to diversify the risks of its investments since the Company constantly aims to increase and improve its investment portfolio in order to generate returns. In connection with appointing the placing agent for the Placing, the Company has approached four securities firms. The terms offered by the Placing Agent, including the Placing Price and the commission for Placing, are the best among the four securities firms approached by the Company.

Save as disclosed above, all other information disclosed in the Announcements remains unchanged.

By order of the Board
China Investment and Finance Group Limited
CHAN Cheong Yee
Executive Director

Hong Kong, 23 January 2017

As at the date of this announcement, the Board comprises Mr. CHAN Cheong Yee as executive Director, Mr. LIAO Jintian, Ms. LEE Kar Ying and Mr. WU Qi as non-executive Directors, and Mr. LUK Simon, Ms. LIU Xiaoyin and Mr. HON Leung as independent non-executive Directors.